This chapter introduces negotiable instruments as a method of payment in commercial transactions. The law governing negotiable instruments merits consideration for two reasons. First, negotiable instruments are still used as a method of making payment in the commercial world, especially in certain areas of international trade. Secondly, the law relating to negotiable instruments encapsulates many of the fundamental principles and concepts of commercial law in general. This chapter first considers the definition of a negotiable instrument, as well as the concepts of ‘instrument’ and ‘negotiability’, before explaining how instruments come to be negotiable. It also discusses different types of negotiable instrument such as bills of exchange, cheques, promissory notes, bank notes, treasury bills, share warrants, and certificates of deposit. Finally, it describes the advantages of a negotiable instrument as a mode of payment.
18. Negotiable instruments

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